

REMARKS**Overview**

Claims 1-19 are pending in this application. Claims 1, and 9 have been amended. Claims 5-8 and 12-19 have been cancelled. The present response is an earnest effort to place all claims in proper form for immediate allowance. Reconsideration and passage to issuance is therefore respectfully requested.

Issues Under 35 U.S.C. § 101

Claims 1-19 have been rejected under 35 U.S.C. § 101 because the Examiner indicates that the claimed invention is directed towards non-statutory subject matter. The Examiner applies a two-prong test without providing any citation to authority for this test. It is noted that the first prong of this test "whether the invention is within a technological arts" is inconsistent and contrary to the U. S. Supreme Court's most recent decision interpreting 35 U.S.C. § 101. The Examiner is again directed towards the most recent U. S. Supreme Court authority on patent eligible subject matter, *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc.*, 534 U.S. 124, 122 S.Ct. 593 (2001), noting that the language of § 101 is extremely broad. In addition, that same case also recognizes that § 101 is a dynamic provision designed to encompass new and unforeseen inventions. Therefore, the U. S. Supreme Court's most recent articulation of 35 U.S.C. § 101 provides a far broader view of patent eligible subject matter than that which the Examiner articulates and the two-prong tests suggested by the Examiner, without authority, is inconsistent with the governing Supreme Court authority. Therefore, this rejection must be withdrawn on that basis. It is further observed that should the Examiner be attempting to rely upon *Ex Parte Bowman*, 61 U.S.P.Q.2d 1669 (2001), (a non-precedential opinion) which applied

a "technological art" rejection based on the Constitution, Article I, Section 8, in *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc.*, the U. S. Supreme Court specifically refused to add any additional constitutional requirements into 35 U.S.C. § 101. Therefore, any such reliance is misplaced.

The Examiner states that:

"In response, it is submitted that Applicant's statement is misleading. *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc.*, 534 U.S. 124, 122 S.Ct. 593 (2001) is about plant patents and whether the Plant Patent Act or the Plant Variety Protection Act had any impact on 101. While the Court said the PPA and the PVPA do not impact 101, this is not the same as argued that no additional requirements are to be added to 101." (Office Action, p. 5, numbered paragraph 9).

The Examiner's characterization of the Applicant's statement as "misleading" is objected to and it is not understood how that case could not be considered relevant to the section 101 inquiry. This case was specifically directed towards interpreting 35 U.S.C. § 101, a statute which does not differentiate between business methods or plant patents. The case re-affirms that it is the role of Congress to define the limits of patentability and Congress has performed its constitutional role in defining patentable subject matter in the language of 35 U.S.C. § 101. The statute does not add a "technological art" requirement. *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred International, Inc.*, 534 U.S. 124, 122 S.Ct. 593 (2001), reiterates that:

In *Chakrabarty*, the Court also rejected the argument that Congress must expressly authorize protection for new patentable subject matter: "It is, of course, correct that Congress, not the courts, must define the limits of patentability; but it is equally true that once Congress has spoken it is 'the province and duty of the judicial department to say what the law is.' *Marbury v. Madison*, 1 Cranch 137, 177 [2 L.Ed. 60] (1803). Congress has performed its constitutional role in defining patentable subject matter in § 101; we perform ours in construing the language Congress has employed...." *131 The subject-

matter provisions of the patent law have been cast in broad terms to fulfill the constitutional and statutory goal of promoting 'the Progress of Science and the useful Arts' with all that means for the social and economic benefits envisioned by Jefferson." *Id.* at 315, 100 S.Ct. 2204. Thus, in approaching the question presented by this case, we are mindful that this Court has already spoken clearly concerning the broad scope and applicability of § 101. FN2

Therefore, should the Examiner be attempting to read an additional constitutional requirement into 35 U.S.C. § 101, doing so is inconsistent with the most recent Supreme Court authority on the topic. It is further observed, that in 35 U.S.C. § 273 of the patent statutes, Congress has at least implicitly recognized that business methods are patentable by indicating "the term 'method' means a method of doing or conducting business." In defining such a method, note that once again Congress did not choose to add any "technological art" requirement.

The Examiner has failed to cite to any law to support the Examiner's position that there is a "technological art" requirement of 35 U.S.C. § 101. The Examiner is again requested to provide such law or other authority for the Examiner's position in order to make an adequate record for appeal, or to withdraw these rejections entirely. It is understood that the Examiner's position may be consistent with present day Patent Office policy, but the Patent Office does not have the authority to set examination policies or guidelines which are inconsistent with statutory authority and U.S. Supreme Court authority.

In addition, claims 1, and 9 have been amended to recite "using a computer:" within the body of the claims. Claims 12-19 and 4-8 have been cancelled, thus mooted those rejections. Therefore, it is respectfully submitted that these rejections should all be withdrawn for this independent reason as well.

Issues Under 35 U.S.C. § 112

Claims 12 has been rejected under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention. In particular, the Examiner indicates that "the new method" on line 3 lacks clear antecedent basis, is confusing, not positively recited and not defined by the steps of the claim. Claim 12 has been cancelled, thereby mooting this rejection.

Issues under 35 U.S.C. § 103

Claims 1-18 have been rejected under 35 U.S.C. § 103(a) as being unpatentable over U. S. Patent No. 5,706,441 to Lockwood in view of U.S. 2002/0123905 A1 to Goodroe et al and "For Health Benefits, Point and Click" by Leonard Bill. Claims 4-8 and 12-19 have been cancelled, thereby mooting these rejections. The remaining rejections are respectfully traversed.

Lockwood provides a method and apparatus for objectively monitoring and assessing the performance of health-care providers (Abstract). Lockwood looks at health-care providers within a group of health-care providers in order to assess the complexity of health-care services delivered by each health-care provider (column 4, lines 35-60). One way Lockwood attempts to assess the complexity of health-care services is by looking at out-patient claim records submitted by the patient's primary care physician for work done before and after the patient's hospital stay (col. 3, lines 65-67). Lockwood takes into account complexity and severity comparisons when assessing cost-efficiencies of different health care providers (col. 13, line 48 to col. 14, line 11).

With respect to claim 1, the Applicant has previously explained that Lockwood does not disclose "providing one or more healthcare networks in each of the states for analysis." The

Examiner indicates that Lockwood clearly discloses health care network(s) citing to col. 1, lines

16-22. Col. 1, lines 16-22 of Lockwood, merely disclose:

At the cost of health-care continues to rise, increasing numbers of individuals are relying on health-care networks for delivery of health-care services. Typically, a health-care network is made up of a group of health-care providers who contract with a health-care insurer to deliver health-care services to individuals covered by the contract."

It is respectfully submitted, that Lockwood's mere disclosure of the existence of a health-care network does not meet the limitation of "providing one or more healthcare networks in each of the states for analysis." It also appears, that the Examiner is equating a "health care network" of claim 1 with a health care provider of Lockwood. To clarify, claim 1 has been amended to make clear that a health care network comprises a plurality of health care providers.

Claim 1 now explicitly requires "computing a measure of network utilization for each of the networks using a computer wherein the measure of network utilization is selected from the set consisting of the number of participants who utilize a health care provider in the network, the percentage of participants who utilize health care providers in the network, a total health care costs in the network, a percentage of health care costs in the network." This limitation is simply not disclosed by Lockwood. The Examiner indicates that "Lockwood teaches the measure of network utilization by monitoring of the cost-efficiency performance level of health care provider(s) using statistical technique and comparison benchmark implemented by digital computer and utilization management database." (Office Action, p. 7, citing to Lockwood col. 13, lines 16-23, Fig. 1, col. 8, lines 29-41.

Lockwood col. 13, lines 16-23 merely states:

"In a preferred embodiment, the selected health-care provider will be classified as having an 'efficient' cost-efficiency performance level so long as the provider's

individual average charged for the selected procedure is within a predetermined percentage of the aggregate average cost charged across the network for the procedure; otherwise, the selected provider will be classified as having an 'inefficient' cost-performance level and will be flagged for review by workstation 90."

Lockwood, col. 8, lines 29-41 merely state:

"A code corresponding to the identity of the health-care provider that received the initial referral from the primary care physician is stored in field 33. In the event the provider identified in field 33 found it necessary to refer the patient to a further health-care provider or to a hospital, a code representing the provider receiving the further referral would be stored in fields 34 or 35, respectively. Although FIG. 4 shows a specific data structure format having specific fields ordered in a particular sequence, it will be understood by those skilled in the art that other data structure formats with different fields ordered in other sequences may be used for storing data records in utilization database 40."

FIG. 1 of Lockwood indicates the presence of a utilization management database 30 which is described at col. 8, lines 16 to 41. The utilization management database 30 stores patient referral records to maintain an audit trail of referrals initiated by each primary care physician in the network.

No where in any of the citations to Lockwood, is there any disclosure concerning "computing a measure of network utilization." The Examiner focuses on the "measure" aspect of this limitation (Office Action, p. 7) and ignores the "network utilization." It is observed that although Lockwood uses the term "utilization" in describing one of its databases, this is in a different context (utilization of patient referrals) as opposed to computing a measure of network utilization. Therefore, this rejection must be withdrawn on this basis as well.

To further clarify the completely different context of the present invention and that of the prior art cited by the Examiner, claim 1 has been amended to add the step of "selecting one or

more health care networks for each state based on the measures of network utilization to provide a subset of health care networks for each state."

It is further observed, that none of the references cited by the Examiner disclose "forming a virtual health care network from the selected networks to thereby maximize health care savings while minimizing inconvenience to participants in changing health care providers for participants in the virtual health care network." Leonard discloses a "virtual PPO", but uses the term "virtual PPO" in a different manner. In Leonard, the term refers to an approach that uses a risk-adjusted plan where benefits data is compiled online. By using its databases on participating employers, a risk factor is calculated for each employer based on workforce data such as types and expenses of claims. The risk factor will show just how much of an insurance risk the employer represents for the insurer. With a calculated risk factor, insurance providers can better adjust their pricing schedule to individual employers. The use of such a risk-adjusted model is made possible by operating the system online. Compiling benefits data online means that the database has more current and complete information than data collected by more conventional and low-tech processes.

As claims 2-4 depend from claim 1, these rejections should also be withdrawn. Claims 5-8 have been cancelled and the subject matter of these claims has been incorporate, in the alternative, into claim 1.

With respect to claim 9, claim 9 has been amended to require "identifying a subset of the networks with the highest utilization, the subset of the networks less than a total number of networks." None of the references relied upon by the Examiner disclose such a step nor the step of "for each of the subset of the networks with the highest utilization, calculating future savings for the network based upon historical health care costs for plan participants, network discounts,

and a portion of the historical health care costs projected to fall to a health care provider in the network." Therefore, this rejection must be withdrawn. As claims 10-11 depend from claim 9, these rejections should also be withdrawn.

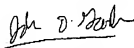
Moreover, it is respectfully submitted, that with respect to all pending claims, the Examiner fails to provide any convincing line of reasoning. None of the references cited by the Examiner recognize the problem of minimizing inconvenience to participants in changing health care providers for participants in the virtual health care network. The present invention addresses this issue by first determining network utilization for different health care networks before looking at projected savings associated with a particular health care network and then selecting the different health care networks to include within a virtual PPO so that inconvenience to participants is minimized while savings are still realized. It is also submitted that the Examiner's rejections are unconvincing because the Examiner parses the language of the claims too closely, ignoring both the invention as a whole, as well as separate limitations within the claims and their relationships with other limitations throughout the same claims. Thus, the Examiner's rejections are based on references that are largely irrelevant to the claimed invention but merely recite some of the same language used in a different way.

Conclusion

Therefore, as the Examiner has failed to establish a *prima facie* case of obviousness with respect to each of the claims, these rejections must be withdrawn and the Examiner should find all claims allowable.

No fees or extensions of time are believed to be due in connection with this amendment; however, consider this a request for any extension inadvertently omitted, and charge any additional fees to Deposit Account No. 26-0084.

Respectfully submitted,



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